

THE ROAD TO LONG-TERM
JOB CREATION
IS MORE THAN JUST A ROAD.



NORTH CAROLINA
RAILROAD
C O M P A N Y

JOINT APPROPRIATIONS COMMITTEE ON TRANSPORTATION

NORTH CAROLINA RAILROAD COMPANY
MARCH 22, 2017



WHO WE ARE

Our Mission

Putting the North Carolina Railroad Company to work for the good of the people of North Carolina.

Our Vision

To improve our state by:

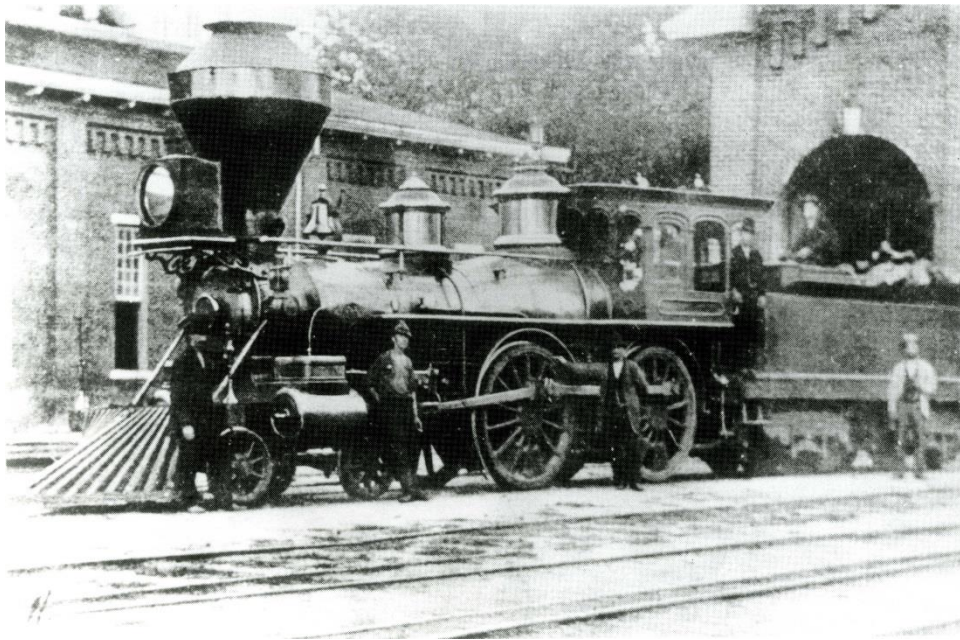
Expanding freight rail opportunities to grow business.

Enabling rail to move people.

Investing in North Carolina.



WHO WE ARE



NCRR Engine No. 115 at Company Shops Engine House, Burlington

CHARTER OF THE NORTH CAROLINA RAIL ROAD COMPANY.

INDEX TO SECTIONS.

SECTION

- 1 Incorporates Company with capital of \$3,000,000.
- 2 Route of Road, from Wilmington Road to Charlotte.
- 3 Appoints Commissioners for creating Stock and opening Books of Subscription.
- 4 Books, when and how long to be kept open; amount of shares, five dollars of which to be paid down; to be paid over to General Commissioners.
- 5 Duty of General Commissioners in keeping open Books, and when \$1,000,000 shall be subscribed.
- 6 7 Corporate rights and powers.—Notice of process.
- 8 Provision for first and subsequent General Meetings, election of Directors, &c.
- 9 10, 11, 12, 13 Number of, and manner of voting for Directors, election of President, and quorum at General Meetings; Votes and Proxies.
- 14 Return to be made by General Commissioners, and penalty.
- 15 Vacancies in Board, to be filled by Directors.
- 16 Authentication of Contracts.
- 17 Construction and use of Road; when any section is completed.
- 18 Right and charges for transportation of goods or passengers.
- 19 Company may farm out right, and made common carrier.
- 20 Manner of Calling for and enforcing payments of Stock.
- 21 Debt of deceased Stockholders, equal dignity with judgments.
- 22 Certificates of Stock shall be issued, and how transferred.
- 23 Capital may be increased, and how.
- 24 Directors to make Annual Report, and may call Meetings.

WHO WE ARE

An essential part of a comprehensive transportation system for 168 years

- **Unique Private/Public Structure**
 - Private corporation with stock owned by the state
- **Operates with Private, Non-Taxpayer Revenue**
 - Receives no state appropriations
- **Trackage-Rights Agreement Results in Revenue-Generation for Economic Development Investments**
 - Approximately \$14 million annually in infrastructure and economic development capital to NCRR
- **Part of Tax Base**
 - Generates nearly \$2 million in local property tax revenue annually
- **Pays dividends to North Carolina, through the Freight Rail and Rail Crossing Safety Improvement Fund at NCDOT**
 - Approximately \$3.5 million in dividends annually
 - \$30.5 million total in dividends (2013-2017)

Freight Routes

- North Carolina Railroad Company
*operated by Norfolk Southern
- Norfolk Southern
- CSX Transportation
- ⋯ Various Shortlines

Intermodal Terminals

- Norfolk Southern
[Link to Norfolk Southern >](#)
- CSX Transportation
[Link to CSX >](#)

Logistical Centers

- ★ Military Bases
- ⚓ Seaports
- ✈ Airports

TENNESSEE

VIRGINIA

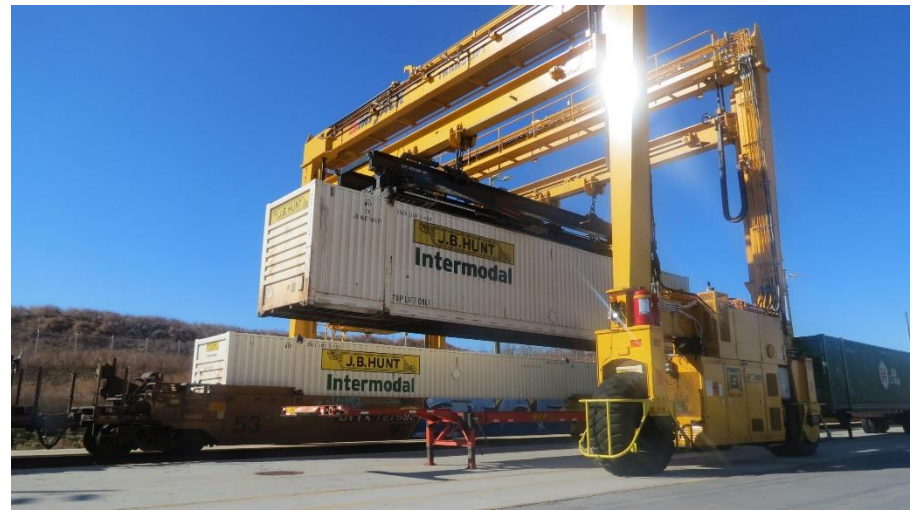
GEORGIA

SOUTH CAROLINA



ECONOMIC IMPACT

- More than **100** customers utilize freight rail on the NCRR line
- **19%** of NC freight carloads begin or end on the NCRR line
- **11.4** million tons of freight originates or terminates on the NCRR line
- **50%** of freight carloads on NCRR line are intermodal/containers



PICTURED: Top, Two freight trains pass on NCRR double track in Davidson County;
Bottom, Charlotte Intermodal Terminal (photo, WFAE-FM)

FREIGHT RAIL OPPORTUNITIES IN NORTH CAROLINA



- Access to North American Market through Class I freight railroads
- Port and Intermodal access
- Regional railroad connections to Class I railroads

Norfolk Southern Linwood Yard, Davidson County

ECONOMIC DEVELOPMENT

1,000+ ACRE INDUSTRIAL SITES

GREENSBORO-RANDOLPH MEGASITE

KINGSBORO MEGASITE

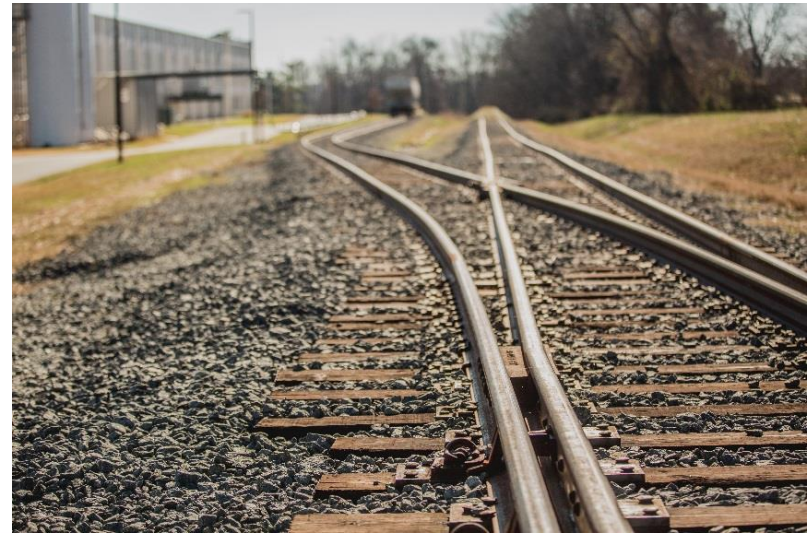


CHATHAM-SILER CITY MEGASITE

MONCURE-MERRY OAKS MEGASITE

ECONOMIC DEVELOPMENT

CAMBRO MANUFACTURING AT NCIC, MEBANE



Cambro, a food service equipment manufacturer, opened a plant in Alamance County, bringing 100 jobs.

ECONOMIC DEVELOPMENT

NCRR INVESTS



We will evaluate requests for NCRR investments in:

- **Engineering & design costs**
- **Lead, siding and other tracks**
- **Site Grading & Drainage**
- **Rail Roadbed Construction**
- **Rail loading facilities**
(transload, team track, etc.)



CLEARWATER
PAPER®

CAMBRO®



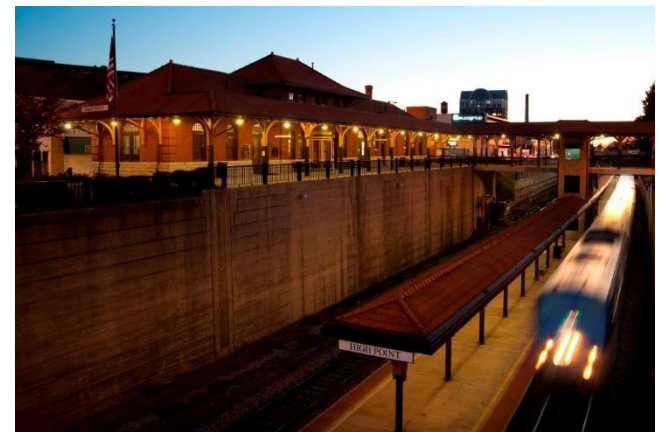
CAPITAL INVESTMENT



Sugar Creek Road Bridge, Charlotte



Crabtree Creek Bridge, Morrisville



High Point Slope Project

STI PROJECTS FOR RAIL

Topics

- Clarify rail project identification process
- Ideas for communities, MPOs, RPOs

Considerations

- Rail assets require long-term maintenance
- Expectation management and public benefit
- Project delivery time
- Types of projects appropriate for STI

CAPITAL INVESTMENT

NCDOT PIEDMONT IMPROVEMENT PROGRAM

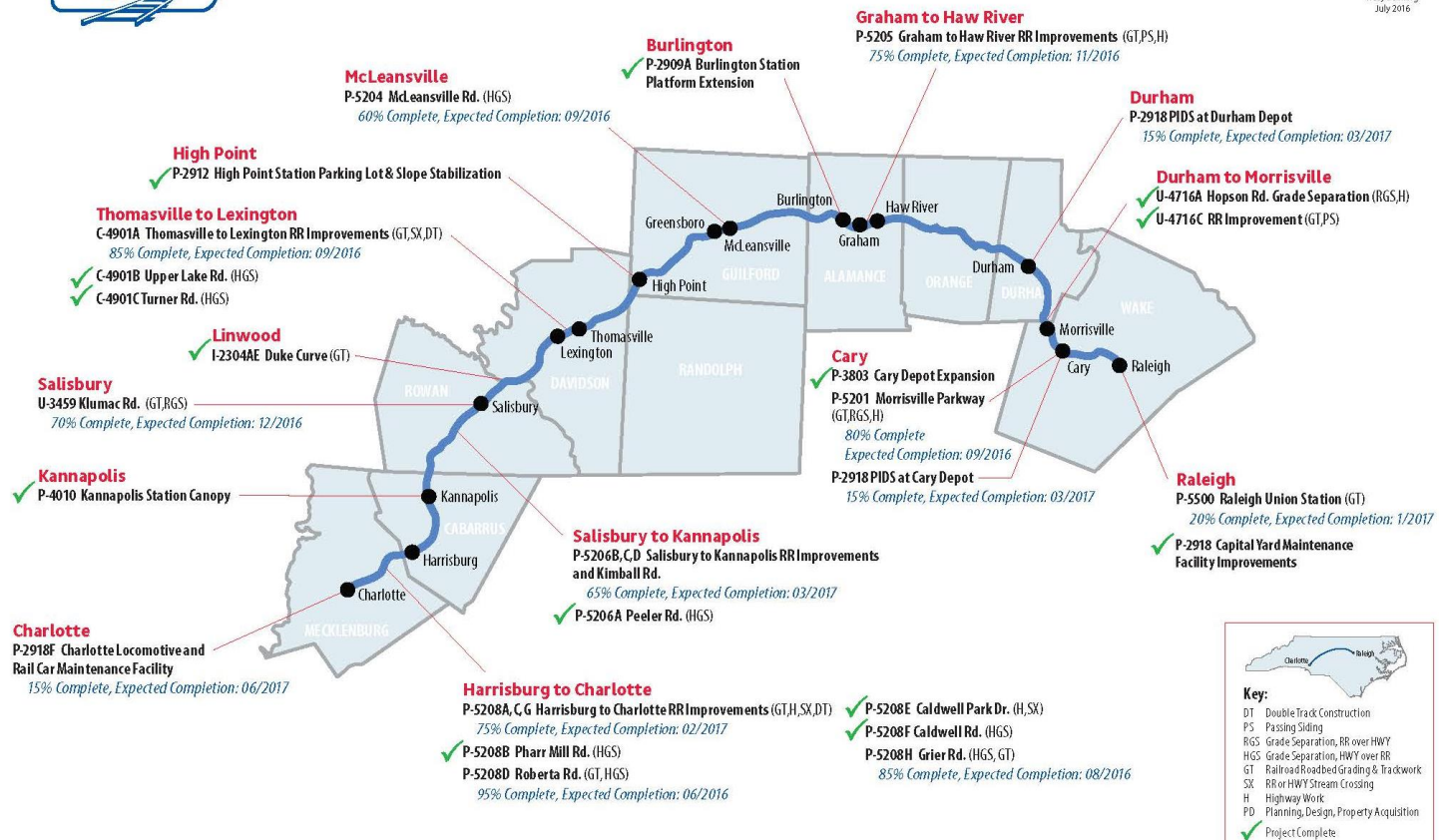
- \$520M in 2010 ARRA Funds
- \$31M investment by NCRR
- Projects conclude in 2017



Piedmont Improvement Program

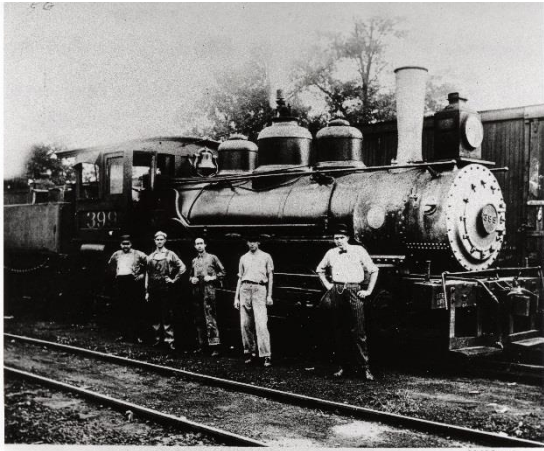


ncdot.gov/projects/pip
ncbytrain.org
July 2016



PROPERTY UPDATE

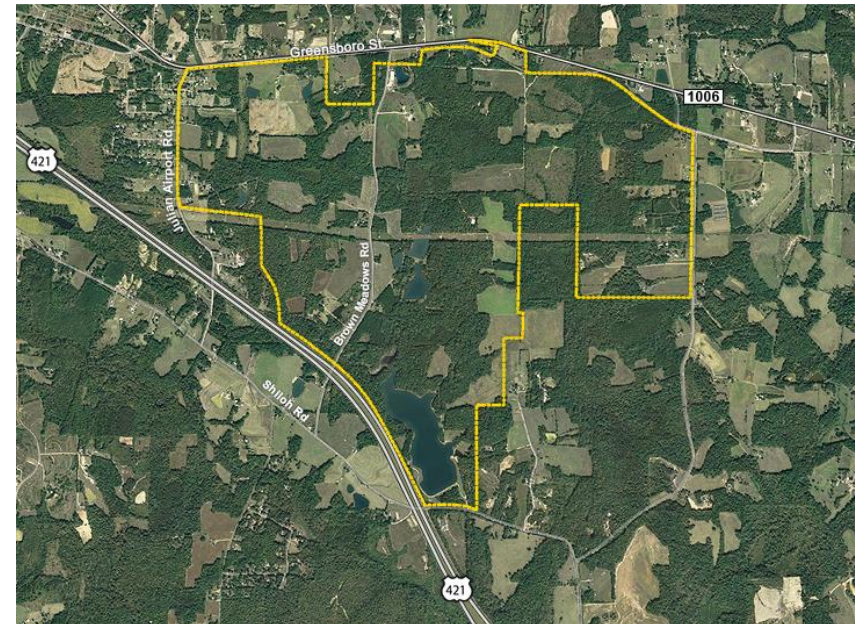
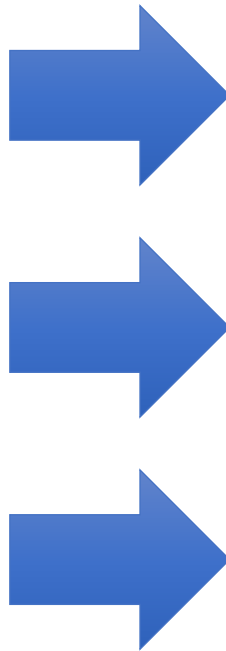
STRATEGIC PROPERTY CONVERSION FROM LEGACY TO ECONOMIC DEVELOPMENT PROPERTY



Charlotte, 1919



Durham, 1910



Greensboro-Randolph Megasite

FINANCIAL UPDATE

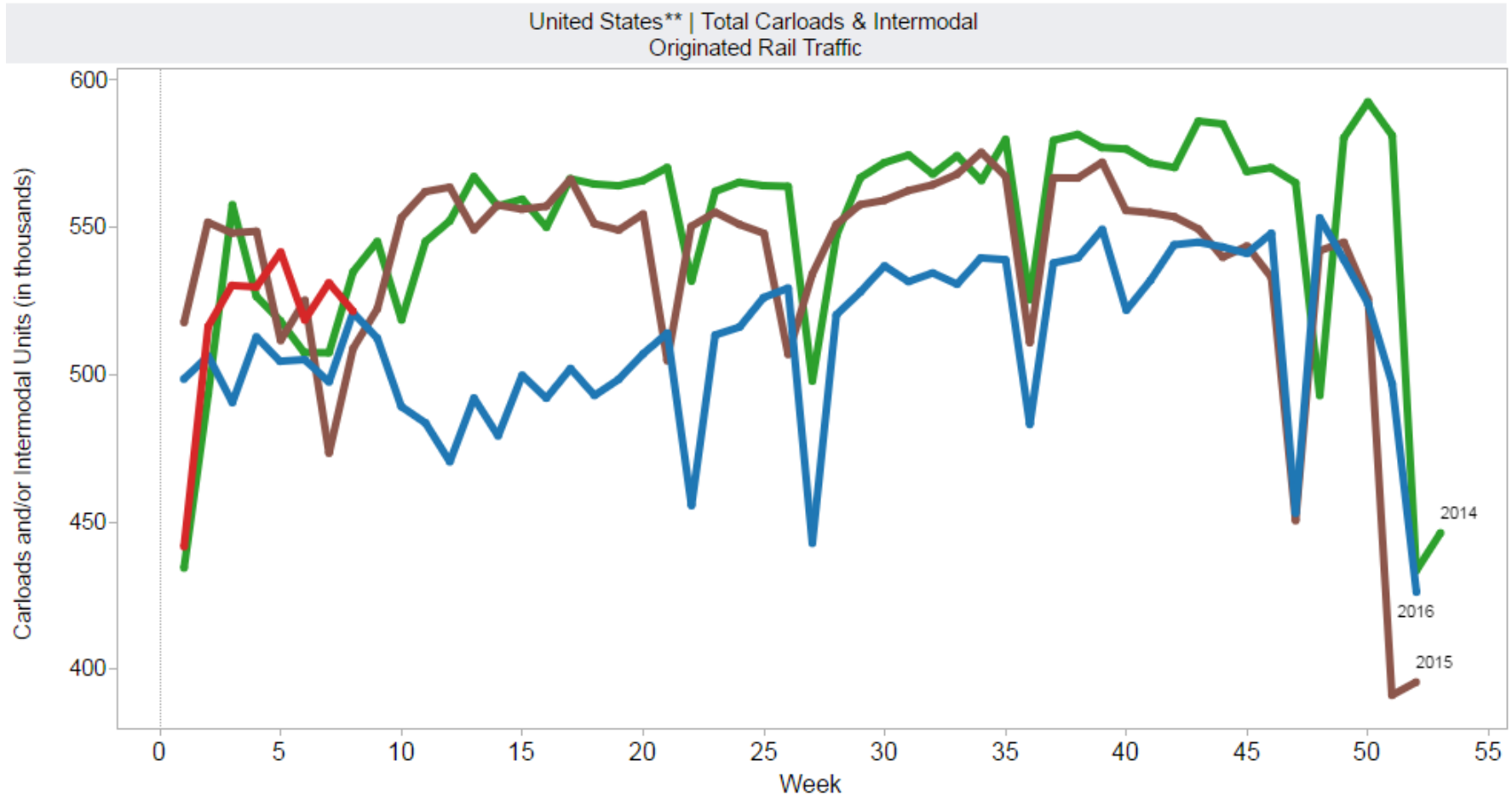
SELECTED FINANCIAL DATA

	December 31, 2016*	December 31, 2015
Land	\$13,637,489	\$4,402,237
Total Assets (book value)	\$179,487,266	\$166,455,789
	Year Ended December 31, 2016*	Year Ended December 31, 2015
Net Operating Income	\$10,428,365	\$10,874,515
Total Expenses (excluding depreciation)	\$7,404,772	\$6,729,230
Gain (Loss) on Disposition of Assets	\$14,029,940	\$181,856
Net Income Before Depreciation	\$28,086,166	\$7,779,526
Annual Dividends Paid	\$3,779,305	\$3,717,995

*2016 data is unaudited. 2015 audited annual financial reports are at www.ncrr.com

INDUSTRY UPDATE

2014-17 UNITED STATES WEEKLY RAIL TRAFFIC DATA



*Canada - Figures for Canada include the U.S. operations of Canadian railroads.

**United States - Figures for the U.S. excludes the U.S. operations for Canadian



INDUSTRY UPDATE

THE WALL STREET JOURNAL.

Scott Saylor ▾
WSJ+

Home World U.S. Politics Economy **Business** Tech Markets Opinion Arts Life Real Estate



Shell Deals Forsake
Canada's Oil Sands



PPG Makes \$22
Billion Offer for Paint
Rival Akzo Nobel, Is
Rejected



Lego Fails to Click in
the U.S.



BUSINESS

CSX Agrees to Hire Hunter Harrison as CEO

A rookie activist investor wins boardroom battle installing an industry veteran as part of sweeping changes at the railroad



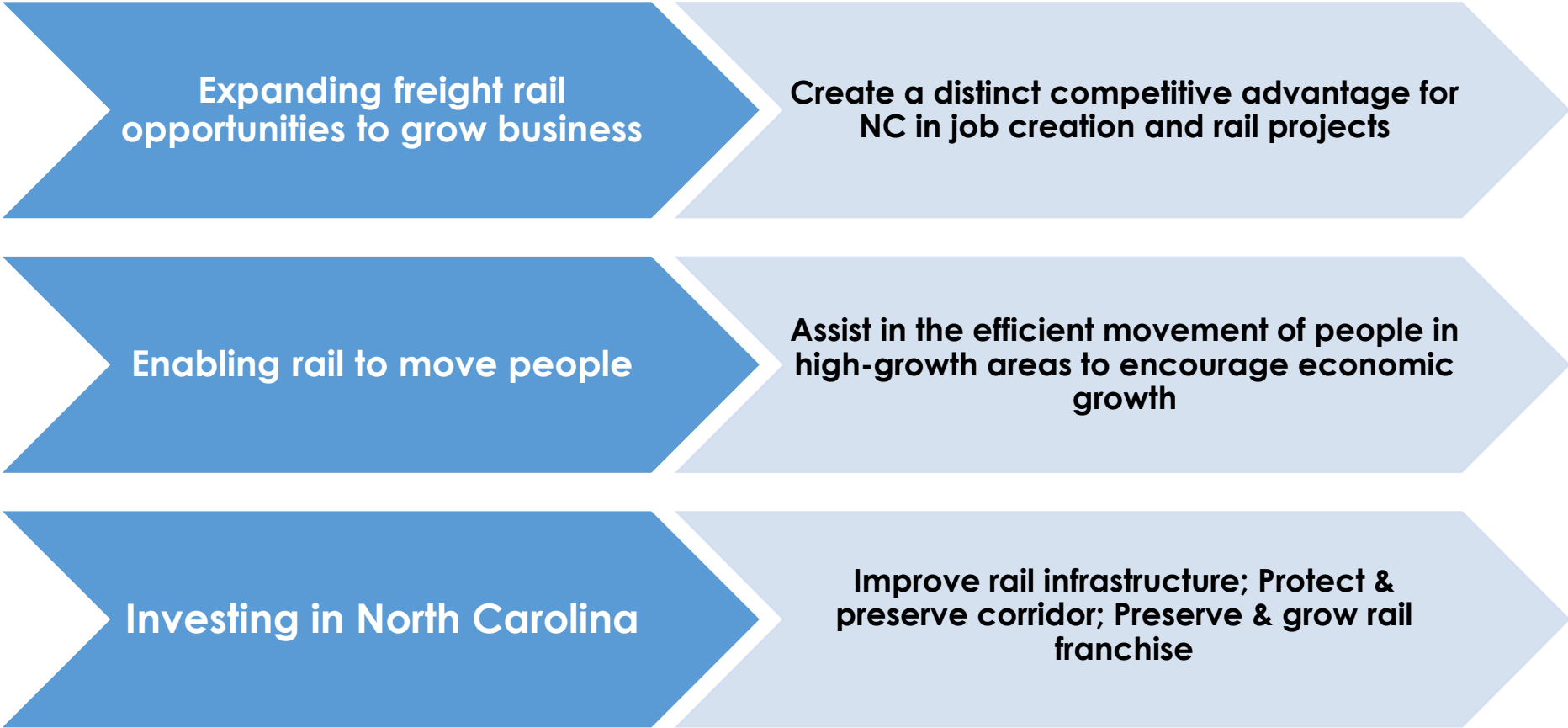
CSX Corp. has agreed to hire railroad industry veteran Hunter Harrison as chief executive. PHOTO: LARRY MACDOUGAL/ASSOCIATED PRESS



STRATEGIC PLAN

VISION STATEMENT

STRATEGIC GOAL



COMMITMENTS THROUGH 2020

- Replace jointed rail New Bern to Morehead City (\$30M)
- Widen clearances east of Kinston (\$10.5M)
- *NCRR Invests* projects (\$10M+ over 2 years)
- Statewide rail-served sites study
- Focus on rural areas and freight project sites
- Relocate industry tracks in Cabarrus & Mecklenburg counties to protect freight operations (\$5.5M)
- Assist with rail needs for transformational projects (\$10-15M per project)
- Charlotte connector station (\$6M)



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www.ncrr.com

 @NCRailroad

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